DEAR SHAREHOLDERS,

Saraiva Livreiros S.A. – em Recuperação Judicial ("Company") (B3: SLED3 and SLED4), controller of Saraiva e Siciliano S.A. – em Recuperação Judicial ("Retail"), one of the largest retailers in content focused on culture and education in Brazil, announces its financial results for the first quarter ended on March 31, 2020 (1Q20).

The financial information contained herein refers to the first quarter ended on March 31, 2020, and the comparisons are made in relation to the same period last year unless otherwise stated.

The financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil.

Any non-accounting information or information derived from non-accounting figures has not been reviewed by the independent auditors.

Message from Management

During the last 15 years, the Company underwent several transformation processes. Since the acquisition of Siciliano, in 2008, Saraiva has invested in strengthening its brand, growing its operation, and increasing the number of stores, its presence in e-commerce, and the range of products offered, always focusing on the client, who has always been faithful to the brand.

The economic crisis that began in 2015 was one of the most challenging periods in the country's recent economic history, with significant repercussions on the Company's operations. In recent years, the Company has adopted several initiatives to reverse the negative effects caused by the economic crisis: at the end of 2015, it completed the sale of its publishing segment and, with the persistent scenario of economic crisis in the following years, implemented a robust project of transformation, which led to the achievement, at the beginning of 2018, of growth in gross sales and market share in the categories of Books, Games, and in the Back to Class segment. Other emergency measures were taken in early November/18, in the development of a restructuring plan designed to make the operation lean, dynamic and aimed at obtaining operational profitability and strengthening the cash.

However, the impacts caused by the economic crisis, associated with the effects of events in time, such as the increase below expectations in the average price of books, the shrinkage of some segments of products that had significant representation in the billing, the difficulties we faced for the realization of tax credits and in contracting new lines of credit, and the important reduction in the billing due to difficulties in the implementation of a new internal management system, compromised the achievement of the desired results, which undermined the Company's prospect of meeting its short-term obligations.

Due to the worsening of this situation, we believe that the presentation of the request for judicial reorganization, in November/18, was the most appropriate measure in the context of the crisis in the publishing market, which reflects the country's economic scenario. The purpose of the transaction was to protect the cash by making the Company regain its stability and, subsequently, its economic growth, as well as guarantee and protect the continuity of its operation.

With the approval of the request for judicial reorganization, the Company intensified negotiations with its main creditors in order to establish commercial conditions and payment models that could facilitate common interests, mainly aiming at the successful approval of the judicial reorganization plan, in addition to implementing several actions to ensure the sustainability of the business. We achieved important improvements in 2019 in comparison with previous years, through initiatives such as:

Re-adjustment of the product mix: we discontinued the categories that had lower profitability and increased demand for working capital. This revision of categories also enabled us to further reduce the Company's staff, as well as close 2 Distribution Centers.

Reduction of Operating Expenses: renegotiation and review of our main contracts with service providers, reduction of scope with prioritization of alternatives with higher cost/benefit ratio, and revisions and optimizations in the logistics network, adapting our supply system to the new product mix. In our headquarters, we lowered costs by reducing the number of occupied floors.

Restructuring of the Number of Stores: prioritization of higher-yielding units with EBITDA greater than 5.0%, closing down stores with a low value generation perspective that did not fit the Company's new product mix. In the quarter, we evolved in terms of negotiations with shopping malls where, through partnerships, we optimized the areas of our units and increased their profitability without needing to invest heavily.

Migration to a New E-Commerce Platform: In order to mitigate the inconsistencies of our e-commerce channel, we began, in April 2019, the implementation of a new e-commerce platform, which has a lighter, more agile and stable system than the one currently used and contributes with improvements in performance and increases in the website visits.

Product Supply: Following the filing for Judicial Reorganization, the Company, with the support and partnership of our suppliers, began an extensive process to standardize the supply of products of all categories, with a greater focus on Books, our main line of business.

However, even though the Company paid the suppliers and banks indicated in the Court-Supervised Reorganization Plan, all measures adopted by the Company were still not enough to achieve the growth outlook and cash generation, making the projected results for the coming years stay below the expectations presented in the projection of the approved Reorganization Plan.

Given this scenario, and the impacts of the Coronavirus (COVID-19) pandemic, which forced us to temporarily close all our physical stores from March 2020, drastically reducing our revenues, as an immediate measure to preserve cash flow, the Company submitted a request, granted by the judge of the Judicial Reorganization process, for re-presentation of a new Plan adapted to the new general economic situation, in order to avoid major setbacks and protect the continuity of its operation. The action is aimed at maintaining the production source, employment of workers, interests of the creditors and the Company's social function, fostering economic activity, as well as the payment of creditors and the success of the Judicial Reorganization process.

Simultaneously, the Company initiated an Action Plan aims for a structural change of processes in all activity levels of the Company, through the introduction of a reorganization culture.

The Action Plan was approved by the Board of Directors at a meetings held on February and May, 2020, and is based on three projects that will be implemented in the next few months.

New Supply Management: decentralized model with great participation of our suppliers, and reducing our expenses.

Full E-Commerce: focus on marketing actions and profitability analysis, favoring lower sales volumes and higher margins, with an operation of a specialized team in e-commerce.

Back-Office Outsourcing: New IT systems, making the Company lighter, more agile and with lower expenses.

Restructuring of the number of store: closing stores with low profitability and where negotiations with shopping mall administrators were not successful, using the inventory of these units and consequently reducing the cost of purchasing goods for the next periods.

The above-mentioned changes, presented and approved by the Board of Directors, will help shrink the Company without negatively impacting our operation. Among the main impacts of the new action plan, we can name:

Profitability: Increased gross margin, especially in e-commerce, to the detriment of gross revenue, increasing absolute gains in gross profit and contributing to an increase in the Company's profitability. In the 1Q20, when we consolidated the implementation of the strategy, we obtained significant results, where gross and contribution margins, as well as revenues reached the projected levels.

Renegotiation of agreements with production suppliers: We are narrowing even more our relationship with suppliers, especially bookstores and stationery suppliers, which are the core of our production activity. Through new negotiations and partnerships, especially regarding the payment term, we have the possibility to reduce the impact of working capital in our cash.

Personnel Expenses: With a reduced operation in terms of revenue, we have the possibility to reduce the Company's personnel expenses.

Occupancy Expenses: Regarding physical stores, we continue to constantly work on renegotiating with shopping mall managers, in order to increase the profitability of our units by reducing, changing or transferring the current locations, as well as analyzing activities to generate additional revenues. At our head office, we reduced the occupancy expenses in May 2020, by vacating three floors, and, at the Distribution Center, we already lowered costs by reducing approximately 60% of the occupied space in January 2020.

Agreements with Non-Production Suppliers: We exhaustively assessed all our existing contracts with non-production suppliers, keeping and renegotiating only the contracts that are essential to the Company's business activities.

Sale of Fixed Assets: The Company concluded, in April 2020, the sale of one of its fixed assets, contributing to the generation of R$25.5 million in cash in the next few months.

Monetization of Tax Credits: we expect tax credits to be monetized in the second half of 2020.

We continue to make every effort to carry out the necessary adjustments to ensure operational continuity. The measures already taken, along with the approval of the Judicial Reorganization Plan, which establishes efficiency measures for the balancing and settlement of our corporate liabilities, such as the restructuring of liabilities and preservation of investments that are essential for the continuity of our operations, and changes in our Corporate Governance structure prove the Company's capacity of generating cash and feasibility for the future.

The Company's Management is aware of its significant challenges and engaged in making the necessary adjustments to ensure the success of the Company's financial recovery and operational continuity, pursuant to the financial plan that enabled the approval of the Judicial Reorganization Plan, and is also optimistic regarding its judgment capacity to make the right decisions for the recovery and maintenance of the Company's operating activities.

Significant market challenges exist, but we fully believe in the recovery of the book market in Brazil, and the new Saraiva is being built. We know that this will be an intense process, which will be realistic and determined in terms of searching for a promising future for the company and its stakeholders, and we have the full support and engagement of all our employees.

Impacts of the Coronavirus - COVID-19

The Management is closely monitoring the possible impacts of the Coronavirus (COVID-19) on the Company's operation. Given the increase in the number of cases and fatalities, both at national and international levels, the Company is now constantly communicating through a specific internal Committee and reporting to the Board of Directors on a daily basis to discuss necessary measures and assess possible impacts on the operation.

In this scenario, the contingency plan is focused on four main pillars: (i) taking preventive measures, (ii) encouraging and boosting e-commerce sales, which were not paralyzed and fulfil all their commitments to customers, (iii) structuring action and contingency plans, and (iv) monitoring the daily evolution of Coronavirus infection cases and the recommendations of government agencies and retail associations. We can highlight the following measures:

Physical Stores: Closing of all of our units for an indefinite period, in conformity with the guidelines published by municipal and state governments. Due to the rapid escalation of cases and the fact that most of our stores are located in shopping malls and/or in the states of São Paulo and Rio de Janeiro, all our units were closed on March 23, 2020. At the beginning of June, we reopened 26 units, but most of them with reduced service hours. We estimate an impact of more than 85% on our Gross Revenue in the second quarter of 2020.

E-Commerce: It continues to operate normally, honoring our commitments to our clients. In addition, we are working on promotional actions to increase traffic on the channel, which has been performing above expectations.

Employees: We started a preventive action to raise the awareness of all our employees. As stores have been closed, all employees have been sent home. At our Distribution Center and Head Office, as a safety measure, the Company's operational activities are running with as few employees as possible. At the Distribution Center, we are working with reduced and opposite shifts, whereas, at the Head Office, we have adopted remote work. We have also suspended trips and face-to-face meetings and provided extensive information to our employees on good practices against the virus and support related to the labor legislation in force.

Revenue Generation: As physical stores have been closed, we are strongly supporting, through promotional and marketing actions, the transition of sales from physical stores to the online channel, which is currently fully equipped to meet our clients' demands.

Cash: In face of the current scenario, in which our revenue sources have been strongly impacted, the Company has adopted initiatives to retain cash:

- **Review** of **contracts with suppliers**;
- **Renegotiation** of all the Company's **occupancy expenses**;
- **Suspension, renegotiation** and, consequently, **restructuring** of **installment of overdue and due payments**;
- **Reduction** of the **Working Hours** of employees at the head office and regional managers of physical stores;
- **Suspension** of the **Employment Contract** of closed store employees due to the pandemic;
- **Suspension,** as allowed by the Federal Government, of **payment of FGTS** to our employees;
- **Installment payments,** based on negotiations with some Unions, of employee **terminations**, mitigating negative effects on Cash Flow;
- **Daily review** of **sales** and **expenses forecasts** for the coming months, in order to mitigate unexpected impacts on Cash Flow.

We understand that the scenario in the country is changing fast and we are quickly adapting to the ideal scenario despite the crisis. We reiterate that we continue to monitor the situation of the Company and our stakeholders, including all the risks arising from the pandemic, which could result in losses or changes in the estimates about the businesses.

Non-Recurring Impacts

During 1Q20 several adjustments were made to the operation in order to improve profitability by generating financial impacts, with no cash effect. Among the main impacts in the results, we can highlight:

▪ Provision for civil, labor and tax contingencies: negative R$8.2 million in expenses.

▪ Impairment: negative R$6.7 million in expenses.

▪ Adjustments in Debt related with the Subscription Bonds: positive R$6.7 million in expenses.

▪ Other impacts: negative R$4.1 million in expenses.

Thus, in order to perform a more reliable analysis of the Company's operation, all the results in this Management Report consider 1Q20 and 4Q19 recurring amounts, excluding the impacts listed above. The table below illustrates the reconciliation of results:

Reconciliation - 1Q20 (R$ MM)	1Q20	CPC 06 (R2) IFRS 16	Non-Recurring Impacts	1Q20 Adjusted
Gross Revenue	**141.265**	-	-	**141.265**
Taxes	(4.583)	-	-	(4.583)
Net Revenue	**136.682**	-	-	**136.682**
Cost of Goods Sold	(85.925)	-	-	(85.925)
Gross Profit	**50.757**	-	-	**50.757**
Gross Margin (%)	*37,1%*	*0,0%*	*0,0%*	*37,1%*
Operating Expenses	**(72.482)**	**(17.506)**	**12.353**	**(77.634)**
EBITDA	**(21.725)**	**(17.506)**	**12.353**	**(26.877)**
EBITDA Margin (%)	*-15,9%*	*0,0%*	*0,0%*	*-19,7%*
Other Operating Expenses/Revenues	**(27.727)**	**17.506**	-	**(10.221)**
Net Financial Result	(11.715)	6.425	-	(5.290)
Depreciation and Amortization	(16.012)	11.081	-	(4.931)
Net Income (Loss) before Before Tax	**(49.452)**	-	**12.353**	**(37.099)**
Income tax and social contribution	-	-	(4.200)	(4.200)
Net Income (Loss) before Before Minority interest	**(49.452)**	-	**8.153**	**(41.299)**
Minority interest	4	-	-	4
Adjusted Net Income (Loss) before Disc. Operations	**(49.448)**	-	**8.153**	**(41.295)**
Net results from Discontinued Operations	329	-	-	329
Net Income (Loss)	**(49.119)**	-	**8.153**	**(40.966)**
Net Margin (%)	*-35,9%*	*0,0%*	*0,0%*	*-30,0%*

HIGHLIGHTS

- 13.1 p.p. increase in 1Q20 Gross Margin.
- 19.4% decrease in 1Q20 Recurring Operating Expenses.
- R$ 20.2 million improvement in 1Q20 adjusted EBITDA.
- 34 days improvement in Accounts Receivable when compared to 1Q19.
- At the Company's Board of Directors' meeting of February 19, 2020, and re-ratified at the Board of Directors' Meeting held on February 27, 2020, the Board members resolved to partially approve the capital increase, as resolved by the Board of Directors on November 3, 2019, with the issue of 12,244,309 new shares, totaling R$17,754,248.05, of which 8,998,528 common shares, totaling R$13,047,865.60, and 3,245,781 preferred shares, totaling R$4,706,382.45, increasing the Company's capital from R$282,998,580.98, represented by 26,701,745 shares, of which 9,622,313 common shares and 17,079,432 preferred shares, to R$300,752,829.03, represented by 38,946,054 common shares, of which 18,620,841 common shares and 20,325,213 preferred shares
- 7,930 Subscription Warrants, corresponding to R$75,355.00, were subscribed by the Company's current shareholders between November 11, 2019, and December 10, 2019. The 2,061,036 Subscription Warrants not subscribed by the Company's current shareholders, corresponding to the remaining Subscription Warrants, were subscribed and paid-in by the creditors of the Company or its subsidiaries and affiliates, pursuant to clause 11.6 of the Reorganization Plan.

SUBSEQUENT EVENTS

- 5,338 Subscription Warrants, corresponding to R$50,711.00, were subscribed by the Company's current shareholders between March 5, 2020 and April 3, 2020. The 3,750,235 Subscription Warrants not subscribed by the Company's current shareholders, corresponding to the Remaining Subscription Warrants, were subscribed and paid-in, during the quarter, by the creditors of the Company or its subsidiaries and affiliated companies, pursuant to clause 11.6 of the Reorganization Plan.
- According to the Material Fact filed on June 5, 2020, Antônio Sergio Salvador dos Santos, Augusto Marques da Cruz Filho (Vice-Chairman) and Jorge Saraiva Neto (Chairman), Members of the Company's Board of Directors elected at the Extraordinary Shareholders' Meeting held on December 11, 2019, submitted a request for replacement and resignation on June 5, 2020, under the commitment to remain in their positions until the date of the Annual Shareholders' Meeting to be held on July 6, 2020, when the resignation expressed by each of the members will then be concluded. On the same date, after the resignation requests described above, Mrs. Maria Cecília Saraiva Mendes Gonçalves, presented her resignation request, with immediate effectt.
- On April 2, 2020, the Company and its subsidiary requested the 2nd Bankruptcy and Judicial Reorganizations Court of the Judicial District of São Paulo to be granted a period of 90 days to present a New Judicial Reorganization Plan, which will be prepared after the normalization of the immediate effects of the current crisis, when it will be possible to present the economic viability of the Company and its subsidiary. In addition, the petition requires the extension of the period for suspension of actions and prosecutions against the Company and its subsidiary (Article 6, Paragraph 4, of Law 11,101/05) for 180 days or until ratification and approval of the new plan, ensuring that operational activities are carried out in that period.

Main Indicators

Table 1. (R$'000, unless otherwise specified)

Consolidated - Adjusted	1Q20	1Q19	Y/Y	4Q19	Q/Q
Gross Revenue *(Stores + E-commerce)*[1]	141,265	212,662	-33.6%	163,534	-13.6%
Store Sales	98,707	130,826	-24.6%	121,790	-19.0%
E-commerce Sales	42,558	81,836	-48.0%	41,744	2.0%
Net Revenue *(Stores + E-commerce)*[1]	136,682	204,762	-33.2%	156,406	-12.6%
Store Sales	95,136	126,040	-24.5%	117,280	-18.9%
E-commerce Sales	41,546	78,722	-47.2%	39,126	6.2%
Adjusted Gross Profit[1]	50,757	49,274	3.0%	50,484	0.5%
Adjusted Gross Margin (%)	37.1%	24.1%	13.1 p.p.	32.3%	4.9 p.p.
Recurring Operating Expenses[1 3]	(77,634)	(96,369)	-19.4%	(92,258)	-15.9%
Adjusted EBITDA[3]	(26,877)	(47,095)	-42.9%	(41,774)	-35.7%
Adjusted EBITDA Margin (%)[1]	-19.7%	-23.0%	3.3 p.p.	-26.7%	7.0 p.p.
Adjusted Net Income (Loss) before Disc. Operations[1]	(41,295)	(63,261)	-34.7%	(67,025)	-38.4%
Adjusted *Net Margin (%)* before Disc. Operations [1]	-30.2%	-30.9%	0.7 p.p.	-42.9%	12.6 p.p.
Net results from Discontinued Operations	329	(576)	-	(31,769)	-
Adjusted Net Income (Loss)[1]	(40,966)	(63,837)	-35.8%	(98,794)	-58.5%
Adjusted Net Margin (%)[1]	-30.0%	-31.2%	1.2 p.p.	-63.2%	33.2 p.p.
SSS - Same Store Sales Growth (%)	-19.0%	-60.3%	41.3 p.p.	-13.5%	-5.5 p.p.
E-Commerce Sales Growth	-48.0%	-67.8%	19.8 p.p.	-34.7%	-13.3 p.p.
Number of Stores – End of Period	73	79	-7.6%	73	0.0%
Sales Area – End of Period (m²)	48,807	51,935	-6.0%	49,259	-0.9%

Note 1: Includes the "Saraiva Entrega" revenue in the Physical Stores results.
Note 2: Includes the Depreciation and Interest accounts (CPC 06 (R2) - IFRS 16).

RESULTS

REVENUE – Gross revenue totaled R$ 141.3 million in 1Q20, down 33.6% when compared to 1Q19. Net revenue followed the same trend, decreasing 33.2% in the quarter. It should be noted that a portion of the reduction in sales is explained by the initiation of the Company's restructuring process, which includes the discontinuation of the Technology category, the supply that is still being normalized, a decrease in the number of physical stores, and a reduction in revenues due to the Coronavirus pandemic (COVID-19), which strongly impacted store operations in the second half of March, 2020.

PHYSICAL STORES REVENUE – In 1Q20, gross revenue from physical stores reached R$ 98.7 million, which represents a 24.6% decrease over the same periods of the previous year. In terms of comparable stores, we had a decrease of 19.0%.

E-*COMMERCE* REVENUE – In 1Q20, gross sales and net sales of our website Saraiva.com decreased 48.0% when compared to the same period last year. Sales in our e-commerce channel, one of the most significant in the country, covering the entire national territory, were impacted by the new strategy that prioritizes the profitability of its online channel. With this strategy, even with the channel's lower revenues, its gross margins are higher and variable expenses are lower, thus generating an additional gain in contribution margin.

GROSS PROFIT –Gross margin presented an increase of 13.1%, which went from 24.1% in 1Q19 to 37.1% in 1Q20. We continue to invest in new tools, aimed at contributing to increased sales and better management of gross margin. Moreover, we will focus on our book business, which has margins higher than the other categories being discontinued.

OPERATING EXPENSES – The recurring operating expenses totaled R$ 77.6 million in 1Q20, representing a strong decrease of 19.4% as a response to the Company's initiatives. It is important to mention that we remain focused on rationalizing our expenses in order to improve results, and we are already reaping the gains of the measures recently taken. We continue to make ongoing adjustments to our structure, always aiming for improvements in performance and productivity that solidify the basis for the Company's recovery.

EBITDA – EBITDA, strongly affected by the discontinuation of the Technology category, the supply that is still being normalized, and the significant reduction in revenues due to stability problems of our online channel, totaled a negative R$20.2 million in 1Q20, presenting an improvement of R$ 20.2 million when compared to 1Q19.

Table 2. EBITDA (R$'000, unless otherwise indicated)

Consolidated - Adjusted	1Q20	1Q19	Y/Y	4Q19	Q/Q
Net Income (Loss)	**(40,966)**	**(63,837)**	**-35.8%**	**(98,794)**	**-58.5%**
(+) Financial Result	5,290	5,795	-8.7%	7,475	-29.2%
(+) Income Tax / Social	4,200	0	-	13,200	-68.2%
(+) Depreciation Amortization	4,931	10,376	-52.5%	4,589	7.5%
(+) Net Income from Discontinued Oper./Other	(333)	571	-	31,757	-
Adjusted EBITDA	**(26,877)**	**(47,095)**	**-42.9%**	**(41,774)**	**-35.7%**
Adjusted EBITDA Margin (%)	-19.7%	-23.0%	3.3 p.p.	-26.7%	7.0 p.p.

WORKING CAPITAL* – The average term of accounts receivable went from 54 days in 1Q19 to 20 days in 1Q20. The average inventory coverage period decreased by 2 days, from 107 days in 1Q19 to 105 days in 1Q20.
* to calculate the operating cycle days, we used the average of the last 12 months

NET FINANCIAL REVENUE (EXPENSES) – Adjusted Net financial result, excluding the impact of the accounting change due to the CPC 06 (R2) - IFRS 16, was an expense of R$ 5.3 million in 1Q20, representing a reduction of 8.7% when compared to same period of the previous year.

NET INCOME (LOSS) FOR THE PERIOD – Net Loss before the results of discontinued operations reached R$ 41.3 million in 1Q20.

INVESTMENTS (CAPEX) – The investments made totaled R$ 2.1 million in 1Q20 versus R$ 0.6 million in 1Q19, confirming the lower investments levels indicated by the Company. It should be noted that a large part of these investments were directed to renovating and maintaining our stores and distribution center.

LIQUIDITY – On March 31, 2020, the total balance of available cash, blocked cash and credit card receivables totaled R$ 25.8 million, against R$ 35.8 million December 31, 2019.

The table below presents the Saraiva's consolidated net debt, which totaled R$ 140.1 million on March 31, 2020, versus R$ 136.4 million on December 31, 2019, and R$ 116.7 million on March 31, 2019. If we consider credit card receivables, net debt came to R$ 134.8 million on March 31, 2020, versus R$ 121.0 million on December 31, 2019, and R$ 52.2 million on March 31, 2019.

Table 4. Evolution of the main CONSOLIDATED debt indicators monitored by the Company (R$'000)

Consolidated[1]	4Q19	4Q18	Y/Y	3Q19	Q/Q
Transaction Type					
Loans and Financing	**156,903**	**153,688**	**2.1%**	**156,871**	**0.0%**
(+) Acquisition Obligations	0	2,677	-100.0%	0	0.0%
(-) Cash and Cash Equivalents / Financial Investments	16,797	39,681	-57.7%	20,465	-17.9%
Consolidated Net Debt Before Receivables	**140,106**	**116,684**	**20.1%**	**136,406**	**2.7%**
(-) Credit Card Receivables	5,330	64,473	-91.7%	15,366	-65.3%
Consolidated Net Debt After Receivables	**134,776**	**52,212**	**158.1%**	**121,040**	**11.3%**
Judicial Reorganization Process Debt	226,209	550,931	54.2%	252,486	-2.3%

Note 1: Excludes the impact of CPC 06 (R2) - IFRS 16).

OUR STORES – Saraiva closed 1Q20 with 73 stores in 17 Brazilian states and in the Federal District.